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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

June 8, 1954

MEMORANDUM FOR THE EXECUTIVE SECRETARY
NATIONAL SECURITY COUNCIL

SUBJECT: NSC 5404/1 (Berlin), Approved by the President
on January 25, 1954.

REFERENCE: NSC Action No. 1017.

The Operations Coordinating Board, at its June 2 meeting, approved the attached progress report and directed that it be forwarded to the National Security Council. This is the first progress report on NSC 5404/1 and covers the period from January 25 through April 30, 1954.

In approving this report the Board noted that there is a problem of timing with respect to implementation of par. 8h of NSC 5404/1, which calls for the U.S. to seek to persuade the UK and France to adopt the U.S. policy for the maintenance of the Western position in Berlin in the event of an emergency. Negotiations have not been initiated with the British and French for this purpose because such efforts at present could have unfortunate repercussions at a crucial period in other negotiations, i.e., Geneva Conference and EDC. The Board agrees that the negotiations should be deferred until after the Geneva Conference.

Elmer B. Staats
Elmer B. Staats
Executive Officer

Attachment:

Progress Report on NSC 5404/1,
United States Policy on Berlin,
dated 4/30/54.

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PROGRESS REPORT ON NSC 5404/1

UNITED STATES POLICY ON BERLIN

I. SUMMARY

A. Actions in Execution of Policy

The following implementing actions either have been taken or are under consideration to support policy 5404/1 on Berlin, approved by the NSC on January 21, 1954:

1. The determination of the Western Powers to remain in Berlin has been conveyed to the Soviets in the tripartite communique issued on February 20, 1954 at the end of the Berlin Conference. In addition, a tripartite declaration issued by the Allied High Commission on April 9, 1954 indicated to the Soviets that the Western Powers would continue to hold the USSR responsible for actions in the Soviet Zone and would refuse to recognize or deal with the East German regime despite its new "sovereign" status. The practice of having top officials occasionally visit Berlin, as evidence of special U.S. interest, is continuing.

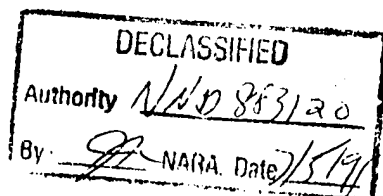
2. A tripartite study of potential countermeasures applicable primarily in Berlin and Western Germany, which could be used in the event of local harassments, has been completed by technical experts of the Allied High Commission. While this study has not yet been formally approved by the High Commissioners, its contents could be quickly put in force. Appropriate parts were drafted in agreement with German authorities in Bonn and Berlin.

3. Support is being given to measures to bolster Berlin's economy and morale: e.g. work relief, investment, and refugee housing programs. Partly as a result of the efforts of the High Commission, the German Federal Government is contributing a major share to this general effort. For the fiscal year 1955 the U.S. Executive Branch has requested \$25 million to support the Berlin economy and especially to reduce unemployment.

4. In an effort to influence the East Germans and exploit the western propaganda advantage, special relief projects are being kept in mind should the situation warrant their inauguration; extensive information activities are in operation; efforts are being made to facilitate the visits of East Germans to areas under western influence;

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a program is being planned to orient members of a Communist Youth Rally, who will visit West Berlin June 5-7; plans are under consideration to stimulate commemoration of the events of June 17, 1953.

5. A review of stockpile reserves and the status of supply commitments is in process. In the meantime the further accumulation of commodities will be slowed down. Upon completion of the review any adjustments will be inaugurated through consultation with the U.K., France and the Federal Republic since all are parties to a written agreement regarding targets and maintenance of the present stockpile. Attention is being paid to the need to avoid apprehensions on the part of the Berliners.

6. Airlift planning has been re-examined and an Allied High Commission-Military Committee is concluding a plan under which the Allies would be prepared to institute an airlift which could range between 0 and 4,000 tons daily during the first 90 days of a blockade. Plans for any later period will be on a stand-by basis, since any later build-up would be either (a) rendered unnecessary through the lifting of the blockade by forceful means or (b) would be subject to re-evaluation of targets during the first 90 days of the blockade.

7. Plans are under way to seek to persuade the UK and France to adopt U.S. policy on Berlin and to try to widen areas of agreement. These plans will not be put in operation until probably after the Geneva Conference and possibly after France has made a decision on EDC. The British and French Embassies here will be informed that the U.S. does not believe an airlift is the sole answer to a blockade; that there must be other measures which could assist in resolving the situation in a much shorter period than the last blockade; that we are considering more positive measures to maintain the Western position in event of emergency, e.g. high level protests to the Kremlin, possibility of transport and economic countermeasures, increased military preparedness, possible limited use of military force etc; that final decisions on all such measures will be made at the time in the light of all the prevailing circumstances and in consultation with our Allies; and that we wish to explore these measures. It is anticipated that considerable difficulty will be encountered in seeking to persuade the British and French to our policy. An indication occurred on December 30, 1953 when a British Embassy official informed the State Department that the British Government was still firmly convinced that an airlift was sine qua non and in fact constituted the only proper response to a full blockade.

In addition, the U.S. High Commission has been requested to undertake tripartite discussions in Bonn and Berlin, concerning the problem of the recent change in the status of the East German regime with a view to (a) examining the contingencies that may arise; (b) reviewing means of local retaliation; (c) exploring the length to which the British and French are disposed to go in adapting themselves to any restrictions by the East German regime or in making an issue with the Soviets; and (d) seeking tripartite agreement on how to meet possible moves by the East German government.

8. A number of proposals designed to improve relations with local authorities are under consideration, e.g. the streamlining of the Kommandatura, the formulation of a new "Declaration on Berlin", a State Department proposal to strengthen the civilian representation on the part of the Allies, and other measures aimed at liberalizing Berlin-Allied relationships. It is expected that British and French concurrence will be sought to inaugurate proposals of this kind at the time the Contractual Agreements come into force in the Federal Republic.

9. The Defense Department has under consideration various military plans to meet contingencies outlined in NSC 5404/1. U.S. commanders in Germany have been requested to review the adequacy of previous instructions relating to resistance to attack, evacuation of dependents and maintenance of access to Berlin.

10. A separate report on covert operations will be made to the Board.

B. Evaluation of Policy

1. The working group believes that NSC 5404/1 has been in effect for too short a period of time to make a determination of the need for reconsidering policies set forth in that paper.

C. Major Problems

Implementation of the provision in NSC 5404/1 which calls for the U.S. to seek to persuade the U.K. and France to adopt U.S. policy poses difficulties deserving special attention. On the one hand, such efforts at present could have unfortunate repercussions at a crucial period in other negotiations, i.e. Geneva Conference and EDC. On the other hand, airlift planning and implementation of the stockpile program are nearing final stages and any modifications called for under NSC 5404/1 will have to be made soon. Whether these modifications can be successfully negotiated without now disclosing that U.S. policy on Berlin has changed or arousing suspicions and rumors to that effect is debatable.

II. DETAILED REPORT

A. Statement of Actions by Paragraphs of NSC 5404/1

Paragraph 8a: Convey to the Soviets western determination to remain in Berlin and to resist forcefully and promptly measures challenging the western position.

Status: The tripartite communique on the Berlin Conference, which was published on February 20, 1954, stated "As regards Berlin, the three governments reaffirm their abiding interest in the security of the city as expressed in the tripartite declaration of May 27, 1952". This declaration had indicated that the maintenance of the

The firm attitude of the Western Powers has also been demonstrated by a tripartite declaration issued by the three High Commissioners on April 9, 1954, concerning the recent Soviet announcement that the East German regime had been granted increased "sovereignty". The High Commissioners indicated that their governments continue to hold the Soviet Union responsible in East Germany, do not recognize the "sovereignty" of the East German regime, and do not intend to deal with it as a government.

In accordance with the practice of evidencing occasionally our special interest in Berlin by the visit of top governmental officials, consideration is being given to a proposal that the Under Secretary of State or some other high governmental official visit Berlin in June in connection with the opening of the new Berlin library or on some other suitable occasion.

Paragraphs 8b and 8i(1): Be prepared to undertake any feasible reprisals against specific local harassments.

Status: A tripartite study of potential reprisals applicable primarily in Berlin and Western Germany has been completed by technical experts of the Allied High Commission. While this report has not yet been formally approved by the High Commissioners, it is available for quick application should local harassments be imposed. This catalogue of retaliation encompasses inter alia by tripartite arrangement such diverse items as the blocking of Soviet Zone transport in West Germany, including the delaying of the passage of Soviet Zone vessels through the Kiel Canal by refusal of exit on technical pretexts; delay or denial of licenses of International List III commodities to Soviet Bloc countries; and interference with certain Soviet interests, primarily those affecting their prestige, such as the War Memorial in the British Sector, the tank memorial in the U.S. Sector, or access to the former radio building in the British Sector which is still used by the Soviets. That portion of the report which concerns preventive and retaliatory measures in the field of transport has been drafted in agreement with appropriate German authorities in Bonn and Berlin. It is anticipated that the British and French will be reluctant to agree in advance to projected reprisals, especially to choosing certain ones for specific hypothetical cases of harassment, and that very likely final decisions will have to be made on the spot in the light of whatever harassment has occurred and the general situation. It is also recognized that available countermeasures, while useful in lifting relatively minor harassments, are probably insufficient to deter serious harassment should the Soviets decide upon such a course.

Paragraphs 80 and 81 (3): Support all feasible measures to bolster Berlin's morale and economy; keep under review German Federal Republic financial and other support for Berlin.

Status: The status of current U.S. activities in this regard is as follows:

(a) Investment Program: No new funds were allocated to the Investment Program in FY 54 because funds allotted late in FY 53 were sufficient to provide for its operation throughout FY 54. Implementation of this program, which is designed to provide permanent productive employment, appears to be proceeding fairly satisfactorily.

(b) Work Relief Program: Financing is currently under consideration; approximately 30% of this program has been supported by U.S. counterpart and the remainder from German budgetary sources. Only half of the U.S. counterpart tentatively allocated for its support (DM 51.9 million = \$12.3 million) is to be firmly committed at this time pending Congressional action on the Executive Branch requests for Mutual Defense Support in FY 55.

(c) Refugee Housing: Financing for this program has been derived from the FY 54 Section 550 sales program for Germany which amounted to \$15 million. Actual construction of housing in Western Germany and Berlin is scheduled to get under way soon. The German Government is making a financial contribution to the housing program equal to that made by the U.S. The Federal Republic's contribution will provide new housing for both refugees and non-refugees.

In addition, a program is presently being developed for refugee housing, cooperative in nature, and primarily for the benefit of youthful refugees. It is anticipated that some of the construction materials needed for this program can be purchased in Finland using an additional resource of \$5 million in Finnish local currency accruing to the U.S. account from FY 54 Section 550 sales program in Finland. (There is also a possibility that special projects discussed below under paragraphs 8-d and 8-f can be financed in part from Finnmarks.)

(d) Future Plans: \$25 million in FY 55 is being requested by the Executive Branch for Berlin, primarily to continue to reduce unemployment by investment in new industrial capacity. Since the presentation of the FY 55 Budget request to the Congress has only just begun, action on the request cannot yet be reported. If economic assistance for all Berlin programs is significantly less than the \$25 million now requested, it may be necessary to shift a portion of the counterpart funds now tentatively allocated from Work Relief to higher priority areas.

Under present policies it is agreed that even if the present economic requirements to reduce unemployment and increase investment should be less in future years, moderate new aid will be sought in order to bolster morale, to show our continuing interest, and to maintain our authority in basic programs for the city.

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Paragraphs 8d and 8f: Continue to provide funds for special projects to influence the people of the Soviet Zone; continue to exploit the unrivaled propaganda advantages.

Status: U.S. objectives in this regard are (a) to demonstrate determination to remain in Berlin; (b) to increase the influence of Berlin as a western outpost; and (c) to reduce communist capabilities. In pursuit of these objectives the following major possibilities are presented:

(1) Relief projects: In addition to provision for the care and processing of refugees, U.S. agencies are keeping conditions in the Soviet Zone under close observation with a view to being prepared and alert in the event that repetition of the successful 1953 food program, or one involving medical, clothing or other supplies, should be indicated. A plan under which East Germans could temporarily buy goods in West Berlin at especially cheap prices is also under consideration. Details of such a plan are being discussed by a member of the Committee who is now on a trip to Berlin.

(2) Continuous U.S. orientation projects: Steady efforts of U.S. information media are continuing, especially in the field of radio and press.

(3) Promotion of access to influence East Germans: It is highly desirable to continue to seek to keep access open to Berlin and the Federal Republic for East German visitors and to make funds available to receive and orient political refugees and temporary visitors. The Allied High Commission is continuing to press the Soviets to ease travel and other restrictions in the interest of ameliorating the effects of the division of Germany. If these efforts prove fruitless, as seems likely, it will be made clear that the Soviets are responsible.

(4) Projects for special events: Among the more imminent proposals under active consideration are:

(a) A program designed to influence participants in the East German Communist youth rally, scheduled to be held in the Soviet Sector of Berlin June 5-7. The U.S. High Commission foresees the possibility of reaching a minimum of 50,000 military and teenage youth who are expected to visit West Berlin at that time. In conjunction with the expected efforts of British, French, and German authorities to entertain and orient these youth, U.S. authorities are exploring a variety of suggestions: the organization of speeches by and discussions with American officials; invitations to the homes of Americans in Berlin; free or low-cost feeding; appropriate statements over information media; cinemascope; exhibits, etc.

(b) A program to encourage commemoration of June 17 with the aim of maintaining and demonstrating the spirit of resistance in the Soviet Zone but without promoting a repetition of the events of June 17.

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The Berlin Government has already decreed that on this anniversary, to be known as the "Day of German Unity", flags of Berlin and the Federal Republic will be displayed on all public buildings. Appropriate ceremonies and speeches may be expected. A suggestion is under study that an American Presidential statement should be issued. Consideration is also being given by U.S. authorities to the pros and cons of encouraging or approving some form of passive demonstration on that day. In addition, the possibility is being explored of encouraging the Germans to promote the idea of constructing in West Berlin a more permanent memorial to June 17 (possibly in the form of some sort of popular center or housing project) than the one which has been erected beside the Soviet Tank Memorial in the U.S. Sector.

(c) Appropriate departments of the Government are exploring the complex ramifications of a proposal to establish an atomic reactor in Berlin. If it should be ultimately decided that this project is feasible and on balance desirable, one of the favorable results would be the inherent demonstration of faith in our ability to stay in Berlin. The establishment of this reactor would influence the people of the Soviet Zone, as well as of Berlin, as an example of U.S. progress and of Allied intentions to maintain and protect Berlin.

Paragraph 8g: "Intensify intelligence activities". (To be reported separately)

Paragraphs 8e, 8i(4) and 8i(5): Review the stockpile in the light of the likelihood that in the event of blockade, the Allies would resort to an airlift only as a supplement to other more positive measures; keep under review conditions of the stockpile and emergency equipment as well as plans for increased use of air transport in case of partial blockade.

Status: A review of the stockpile is currently underway. In the meantime the further accumulation of commodities will be slowed down while the reserves and the status of supply commitments and programs are re-examined. Upon completion of the review any adjustments will be inaugurated through consultation with our Allies and the Federal Republic since all are parties to a written agreement regarding targets and maintenance of the present stockpile. It is contemplated that all items which are below six months supply will not be increased beyond that target. In any re-adjustments careful attention is being paid to avoiding apprehensions and misunderstandings on the part of the Berlin population.

Airlift planning has been re-examined. A tripartite Allied High Commission-Military Committee is concluding a modified airlift plan under which the Allies would be prepared to institute an airlift ranging from 0 to 4,000 tons per day, depending upon what is desired at the time, during the first 90 days, since any later build-up would be either (a) rendered unnecessary through the lifting of the blockade by forceful means or (b) would be subject to re-evaluating of targets

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during the first 90 days of the blockade. (The British and French representatives on the HICOM-Military Committee have taken a very serious interest in an airlift. The British have offered an initial contribution of 1325 tons daily. The French have offered 725 tons daily and a further increase to 900 tons at the end of three months. The French representative indicated that this contribution would be made available regardless of the Indo-China situation and that substantial further increases could be offered if there is any lessening of French commitments in Indo-China,)

Paragraph 8h: Seek to persuade the UK and France to adopt U.S. policy on Berlin and seek to widen areas of agreement on future plans and emergency measures.

Status: Implementation of this paragraph is expected to be difficult. On December 30, 1953 a British Embassy official, obviously acting on Foreign Office instructions, informed the State Department that the British Government was still firmly convinced that an airlift was sine qua non and in fact constituted the only proper response to a full blockade. The British representative expressed the hope that U.S. policy on this subject would not change and urged full development of airlift plans.

As an initial approach, the British and French Embassies here will be informed somewhat along the following lines: that while no plan yet proposed would eliminate the need for an airlift of some type in the event of a blockade, it is not believed that such an elaborate airlift as we had in 1948 is the sole answer to a blockade and that there must be other ways of approach which could assist in resolving the situation in a much shorter period than the last blockade; that we are considering more positive measures to maintain the Western position in event of emergency, e.g. high level protests to the Kremlin, possibility of transport and economic countermeasures, increased military preparedness, possibly limited use of military force, etc; that final decisions on all such measures will be made at the time in the light of all the prevailing circumstances and in consultation with our Allies; and that we wish to explore these measures.

An appropriate time for the above approach will have to be found in the light of other negotiations. It is contemplated that consultation would not be inaugurated until probably after the Geneva Conference and possibly after France has made a decision on EDC ratification.

Paragraph 8i(2): Keep under review conditions affecting security and necessary remedial measures.

Status: In the meantime, the U.S. High Commission has been requested to undertake tripartite discussions in Bonn and Berlin, concerning the problem and implications of the recent change in the status of the East German regime, with a view to (a) examining the various contingencies and types of problems that may arise; (b) reviewing

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means of local retaliation; and (c) exploring the length to which the British and French are disposed to go in adapting themselves to any restrictions by the East German regime or in making an issue with the Soviets. Although the British and French will probably refuse to commit themselves in advance, the U.S. High Commission will seek agreement on tripartite recommendations or courses of action to meet specific moves of the East German Government.

Paragraph 8i(6): Plan improvement of relations with local authorities.

Status: During the Berlin Conference, the U.S. delegation proposed to the British and French that the High Commissioners be instructed to prepare and implement a new "Declaration on Berlin" which would manifest the Allies' intent to relax their exercise of authority to the greatest extent consistent with their occupation responsibilities. In addition, the U.S. urged that the Allied Kommandatura be instructed to streamline its organization and simplify its procedures. The British, and especially the French, expressed opposition to the liberalization of Allied-Berlin relationships prior to the time when the Contractual Agreements would come into force in the Federal Republic. As soon as France has made its decision on EDC ratification, the U.S. intends to again press for tripartite agreement on the above proposals.

In addition, the State Department has suggested to the Defense Department that the question be considered of proposing that the Allies switch to civilian representation in Berlin by designating their Foreign Office civilian representatives, rather than the military commanders, as the chief Allied representatives in the city. If adopted, this proposal would establish a civilian-military relationship in Berlin comparable to that existing in the Federal Republic since 1949. The proposal has considerable psychological value as a symbol of de-emphasis of the old occupation-type control in Allied-Berlin Government relationships. At the same time care would have to be taken not to weaken Berlin's security by the change. The Military commanders would, of course, retain full responsibility for military matters and would assume supreme command in Berlin in the event its security were endangered. No reduction in troop strength is contemplated. The best evidence is that the British will oppose the proposal on the grounds that (a) the Berliners might interpret it as a first move to an Allied withdrawal from Berlin or at least as a lessening of interest in the city; (b) it might constitute a security risk and result in a lessening of Allied effectiveness in event of emergency; and (c) might be seized on by the Soviets as a lessening of the legal basis for our presence in Berlin.

In the meantime, U.S. authorities in Berlin are seeking de facto ways on a local basis of promoting liberalized relationships between the Allied authorities and the Berlin Government and a greater normalization of Berlin.

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Paragraph 9: If access to Berlin is seriously harassed or a blockade imposed, the U.S. should consult with its Allies and be prepared to: protest at the local level and in Moscow; hold the USSR responsible; make use at an accelerated rate of any means of access still open; initiate mobilization; use in agreement with the Allies limited military force to determine Soviet intentions; solidify world opinion in our favor; evacuate dependents; use limited military force to reopen access.

Status: The Defense Department is engaged in the necessary military planning for the above contingencies. U.S. commanders in Germany have been requested to review the adequacy of previous instructions relating to resistance to attack, evacuation of dependents, and maintenance of access to Berlin. Preparation for the non-military aspects of the above contingencies is being planned as previously cited in the first nine paragraphs of this report.

B. Evaluation of Policy

1. The working group believes that NSC 5404/1 has been in effect for too short a period of time to make a determination of the need for reconsidering policies set forth in that paper.

C. Major Problems

A major problem is presented by the need to modify airlift planning and possibly the stockpile program, in accordance with NSC 5404/1, and on the other hand the dubiousness of seeking at this particular time to explain the policy reasons for any suggested modifications to the British and French. Although NSC 5404/1 calls for U.S. agencies to seek to persuade the UK and France to adopt U.S. policy on Berlin, it has been considered until now that to attempt to do so with the Geneva Conference in session and with the delicate situation with respect to French ratification of EDC, would be inappropriate since unfortunate repercussions could result.

At the present time, however, airlift planning and the stockpile program are in such final stages from previous negotiations called for under the old NSC paper (132/1) that possible modifications called for by NSC 5404/1 will have to be introduced almost immediately. The problem, therefore, is how to explain adequately the reasons for any of these modifications. In view of the potential repercussions upon other international negotiations, this problem deserves particular attention.

A tripartite HICOM-Military Committee has been working for nearly six months on detailed airlift planning. Under the previous NSC paper (132/1) U.S. members of this committee repeatedly urged planning for a full-scale airlift and were attaining a considerable degree of success. Now, in concluding negotiations, U.S. representatives are seeking to modify the plan to conform in effect with the concept of a limited

airlift. It is hoped that this modification can be made acceptable to the British and French in the form of a provision for review after the start of a blockade of all previously planned targets. If accepted, this provision would mean that all airlift targets after the first 90 days of a blockade would now become more tentative stand-by figures. Although probable, it is by no means certain that our Allies can be convinced of the wisdom of this modification of airlift planning without explaining our whole policy toward a blockade or giving rise to serious suspicion that our policy has changed.

Likewise the provision in NSC 5404/1 for review of the stockpile may lead to similar difficulties. In June 1953 the NS, UK, France, and the Federal Republic agreed at our insistence on specific targets for the stockpile program and to complete it without delay. If the unilateral U.S. review, which is now in progress as called for by NSC 5404/1, shows that the previous targets for raw materials in the stockpile should be maintained, no modification will be entailed. If, however, the review determines that targets should be lowered, we need the agreement of our Allies. It is difficult to see how we can secure agreement without explaining a major change in our Berlin policy. At the present time a detailed program, including the commitment of a major share of remaining funds to complete stockpile targets, has been submitted by Gorman and Allied technical experts and is before the Allied High Commission for approval. Our Allies are pressing for a decision.

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